



Health and Welfare
Canada

Santé et Bien-être social
Canada

SOCIAL SECURITY AGREEMENT

SUMMARY

Canada and Portugal



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Foreword

The Agreement on Social Security between Canada and Portugal was signed on December 15, 1980, and came into force on May 1, 1981.

This summary describes in general terms how the Agreement may help individuals qualify for Canadian or Portuguese benefits. It is intended for persons residing in Canada.

It should be noted that, in addition to the entitlement conditions for benefits outlined in this summary, other conditions may be stipulated in the social security laws of either country. Further information about the conditions for entitlement to Canadian benefits and how they affect a particular case may be obtained from any Client Service Centre of Income Security Programs Branch. The telephone number and address of the nearest Centre can be found in the federal government listing of the telephone directory under "Health and Welfare Canada".

Only the Portuguese social security institutions can provide specific information on the entitlement conditions for Portuguese benefits and how they affect a particular case. To avoid delays or loss of benefits, persons who think they may be eligible for one of the Portuguese benefits described in this summary should submit an application. Information on how to apply is given in the last page of this summary.

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Introduction

The Agreement on Social Security between Canada and Portugal coordinates the Canadian and Portuguese programs which protect individuals in the event of old age, retirement, disability or death. It has three basic objectives:

- (1) to ease or eliminate restrictions on the payment of social security benefits abroad;
- (2) to eliminate situations in which a worker may have to contribute to the social security programs of both countries for the same work;
- (3) to assist migrants in qualifying for benefits based on the periods they have lived or worked in each country.

The Canadian benefits included in the Agreement are those paid under the Old Age Security program and the Canada Pension Plan. These benefits are described in pages 1 to 7.

The Portuguese benefits included in the Agreement are the old age, invalidity and survivors' pensions payable under the Portuguese social security schemes. These benefits are described in pages 7 to 11.

Canadian Old Age Security Benefits

Canada's Old Age Security Act provides for three benefits: the basic pension, the Guaranteed Income Supplement and the Spouse's Allowance.

The Old Age Security Pension

The basic Old Age Security pension is a monthly benefit paid to persons who have reached age 65 and who meet the residence requirements. For receipt of the pension in Canada, this requirement is a minimum of 10 years of residence in Canada after reaching age 18. For indefinite receipt of the pension abroad (including the case of a person applying for a pension while residing abroad), the requirement is a minimum of 20

years of residence in Canada after reaching age 18. A person who is receiving a pension in Canada but who has not completed 20 years of residence may, on leaving Canada, receive the pension only for the month of departure and for the six following months.

Through the Agreement, an individual who has at least one year of residence in Canada after reaching age 18, but not residence of sufficient length to be entitled to an Old Age Security pension, may use periods of residence in Portugal after reaching age 18 to satisfy the entitlement conditions for a pension. For example, a person who has resided in Canada for nine years after reaching age 18 may qualify for a pension payable in Canada if he or she has resided in Portugal for at least one year after reaching age 18.

As well, through the Agreement, a person who has completed at least one year of residence in Canada after reaching age 18, but not the 20 years required for receipt of the Old Age Security pension abroad on an indefinite basis, may use periods of residence in Portugal after reaching age 18 to satisfy the 20-year condition.

The Guaranteed Income Supplement

The Guaranteed Income Supplement is a monthly benefit payable in addition to an Old Age Security pension to a beneficiary who has little or no income other than the basic Old Age Security pension. The supplement is essentially payable only to residents of Canada. However, if a recipient leaves Canada, it may be paid abroad for the month of departure and for the six following months.

The Spouse's Allowance

The Spouse's Allowance is a monthly benefit payable to the 60- to 64-year-old spouse of a beneficiary of the Guaranteed Income Supplement and to a widowed person in the same age group who has little or no personal income. At age 65,

the Spouse's Allowance is replaced by the Old Age Security pension. At least 10 years of residence in Canada after reaching age 18 are required to qualify for a Spouse's Allowance. Like the Guaranteed Income Supplement, the Spouse's Allowance is essentially payable only in Canada. However, if a recipient leaves Canada, it may be paid abroad for the month of departure and for the six following months.

Through the Agreement, an individual who has at least one year of residence in Canada after reaching age 18, but not the 10 years required to be entitled to a Spouse's Allowance, may use periods of residence in Portugal after reaching age 18 to satisfy the 10-year condition.

Calculating Old Age Security Benefits under the Agreement

The amount of the Old Age Security pension payable under the Agreement is equal to 1/40th of a full pension for each complete year of residence in Canada after reaching age 18. It is calculated in the same way as is a partial pension under the Old Age Security Act if eligibility is established without recourse to an agreement.

The amount of the Spouse's Allowance is determined by the couple's income or, in the case of a widowed person, by the personal income of the beneficiary.

Payment of Old Age Security Benefits

Old Age Security benefits are paid by Health and Welfare Canada in Canadian funds directly to the beneficiary, whether he or she lives in Canada or abroad.

Canada Pension Plan Benefits

The Canada Pension Plan provides benefits in the event of retirement, disability or death of a

contributor. The Plan, which began operation in 1966, covers virtually all persons engaged in paid employment or self-employment in Canada, except in Quebec where a similar plan, the Quebec Pension Plan, is in effect.

Canada Pension Plan benefits may be paid anywhere in the world, without any restriction whatsoever.

The Canada Pension Plan Retirement Pension

A retirement pension is a monthly benefit payable to a contributor who has reached retirement age and who has made contributions to the Plan in at least one year.

The normal retirement age is 65. A person who has reached this age may receive a retirement pension even if he or she is still working. A retirement pension may also be paid to a contributor aged between 60 and 64 who has completely ceased paid employment or whose employment earnings, at an annual rate, do not exceed the amount of the maximum annual retirement pension payable to a person whose pension begins at age 65.

If an individual starts to receive a retirement pension before age 65, the pension is reduced by 0.5 percent for each month between the month the pension begins and the month of the person's 65th birthday. The reduction is permanent. Conversely, if the pension starts after the individual reaches age 65, it is increased in a comparable manner.

Canada Pension Plan Disability Benefits

A disability pension is a monthly benefit payable to a contributor who is disabled and who has made contributions to the Plan in at least five of the ten or in two of the three calendar years immediately preceding disablement.

A contributor is considered to be disabled if he or she has a physical or mental disability which is both severe and prolonged. "Severe"

means that the individual cannot regularly pursue any substantially gainful occupation. "Prolonged" means that the disability is likely to be long continued and of indefinite duration, or is likely to result in death.

A monthly child's benefit is also payable for each dependent child of a disabled contributor. The child must be under age 18, or age 18 or older but under age 25 and in full-time attendance at school or university.

Through the Agreement, a person who has some periods of contributions to the Canada Pension Plan, but who has not made sufficient contributions in the years immediately preceding disablement, may use periods of contributions under the Portuguese social security schemes to satisfy the conditions for entitlement to a Canada Pension Plan disability benefit.

Canada Pension Plan Survivors' Benefits

A surviving spouse's pension is a monthly benefit payable to the surviving spouse of a deceased contributor who had made contributions to the Plan for a minimum period (between three and ten calendar years, depending on the age of the contributor at the time of death). Surviving spouse's pensions are payable on the same conditions to widows and widowers. They are payable even if the surviving spouse remarries.

The "surviving spouse of the contributor" is the person of the opposite sex living with the contributor in a conjugal relationship (whether or not there was a marriage) at the time of death or, if there is no such person, the legal spouse (even if that legal spouse was not living with the contributor at the time of death). If the surviving spouse and deceased contributor were not legally married, they must have lived together for at least one year.

To qualify for a benefit, a surviving spouse who is under age 35 at the time of the contributor's death must be caring for a child of the contributor or he or she must be disabled as defined by the Canada Pension Plan.

A monthly orphan's benefit is also payable for each dependent child of the deceased contributor. The child must be under age 18, or age 18 or older but under age 25 and in full-time attendance at school or university.

A death benefit is payable to the estate of a deceased contributor who had made contributions to the Plan for a minimum period (between three and ten calendar years, depending on his or her age at the time of death).

Through the Agreement, when a spouse or a child is not entitled to a survivor's benefit because the deceased had not completed sufficient periods of contributions to the Canada Pension Plan, periods during which the deceased had paid contributions under the Portuguese social security schemes may be used to satisfy the conditions for entitlement to a Canada Pension Plan survivor's benefit.

Calculating Canada Pension Plan Benefits under the Agreement

The retirement pension, the surviving spouse's pension payable at age 65 and the death benefit are based on the earnings of the contributor while under the Canada Pension Plan and on the number of years of contributions to the Plan. The disability pension and the surviving spouse's pension payable before age 65 are composed of two parts: a benefit related to the earnings of the contributor and a flat-rate benefit. Benefits paid on behalf of a contributor's children are all flat-rate.

If entitlement to a Canada Pension Plan benefit is established under the Agreement, the flat-rate component is calculated in proportion to the periods during which contributions were made to the Plan relative to the minimum period of contributions required for entitlement to the benefit. The earnings-related component is calculated in the same way as is a benefit which is paid without recourse to the Agreement.

Payment of Canada Pension Plan Benefits

Canada Pension Plan benefits are paid by Health and Welfare Canada in Canadian funds directly to the beneficiary, whether he or she lives in Canada or abroad.

Portuguese Benefits Included in the Agreement

Old Age Pension

A Portuguese old age pension is a monthly benefit payable on retirement to persons who have made at least 120 monthly contributions under the Portuguese social security schemes. Under special rules, persons who had made at least 60 monthly contributions under the Portuguese social security schemes prior to September 30, 1987, may qualify for an old age pension.

The normal retirement age is 65 for men and 62 for women. However, an old age pension may be paid before normal retirement age to special categories of workers such as miners who have worked underground. In this case, the normal retirement age is reduced by one year for each two years of underground work until the limit of 50 years of age is reached. Persons who have been employed in shipping or fishing may qualify for an old age pension as early as age 55 if they have been employed as offshore staff or have belonged to ships' crews for a minimum of 15 years.

Through the Agreement, a person who has made at least 12 monthly contributions under the Portuguese social security schemes, but who has not made contributions for a period of sufficient length to qualify for an old age pension, may use periods of residence in Canada after reaching age 18 or periods of contributions to the Canada Pension Plan to satisfy the condition for entitlement to a pension.

Invalidity Pension

The Portuguese invalidity pension is a monthly benefit payable to a person who, because of disability, has permanently lost at least two-thirds of his or her earning capacity in his or her regular occupation.

The reduction in earning capacity is considered permanent if it is expected that, without proper treatment for professional rehabilitation, the person will not recover within the following three years to the extent that he or she could have earnings in excess of 50 percent of the earnings which he or she would normally have in his or her regular occupation.

To qualify for an invalidity pension, a person must have made at least 60 monthly contributions under the Portuguese social security schemes. Under special rules, persons who had made at least 36 monthly contributions prior to September 30, 1984, may qualify for an invalidity pension.

Through the Agreement, a person who has made at least 12 monthly contributions under the Portuguese social security schemes, but who has not made contributions for a period of sufficient length to qualify for an invalidity pension, may use periods of residence in Canada after reaching age 18 or periods of contributions to the Canada Pension Plan to satisfy the condition for entitlement to a pension.

Survivors' Pensions

A surviving spouse's pension is a benefit payable to a widow whose deceased husband had made at least 36 monthly contributions under the Portuguese social security schemes or was entitled to an old age or invalidity pension at the time of death.

To qualify for a widow's pension which is payable for an indefinite period, the widow must have reached age 35 at the time of her husband's death, or she must have dependent children or be disabled. The widow must also have been married to the deceased for at least one year unless she has at least one child (which may include an

unborn child) or unless the death was due to an accident. A widow who is under age 35 at the time of her husband's death and who does not have dependent children or is not disabled may receive a temporary widow's benefit for up to five years.

A widower may qualify for a surviving spouse's pension if he has reached age 65 or if he is permanently disabled.

Separated or divorced spouses are entitled to a surviving spouse's pension under the same conditions as widowed spouses, if they were receiving alimony payments from the deceased.

The surviving spouse's pension ceases on remarriage.

An orphan's pension is a benefit payable to a child on the death of a parent who has made at least 36 monthly contributions under the Portuguese social security schemes.

An orphan's pension is payable until the child reaches age 18. If the child attends school or university, the orphan's pension is payable until age 24. If the child is permanently invalid, the orphan's pension is payable regardless of age.

If there is no surviving spouse or children of the deceased, a survivor's benefit may be paid to other relatives – except parents – including adopted children and grandchildren who were dependents of the deceased.

Through the Agreement, if a surviving spouse or a child is not entitled to a survivor's benefit because the deceased had not made a sufficient number of monthly contributions under the Portuguese social security schemes, periods during which the deceased had paid contributions to the Canada Pension Plan or periods during which the deceased had resided in Canada after reaching age 18 may be used to satisfy the entitlement condition for a Portuguese survivor's pension, provided that the deceased had made at least 12 monthly contributions under the Portuguese social security schemes.

Calculating Portuguese Benefits under the Agreement

The Portuguese old age, invalidity and survivors' benefits are based on the earnings of the person who paid contributions under the Portuguese social security schemes and on the number of years for which contributions were paid. If entitlement to a Portuguese benefit is established under the Agreement, the amount of the benefit payable will be calculated as provided by the social security laws of Portugal.

Payment of Portuguese Benefits

Portuguese social security benefits – old age, invalidity and survivors' benefits – are paid directly to a beneficiary, whether he or she resides in Canada or abroad.

Determining the Applicable Legislation

Without an agreement, a person might be required to contribute both to the Canada Pension Plan and to the Portuguese social security schemes for the same work. The Agreement on Social Security between Canada and Portugal eliminates such situations of “dual coverage”.

General Rule

Under the Agreement, an employee is normally subject only to the legislation of the country in which he or she works and is, therefore, exempt from contributions under the legislation of the other country in respect of the same work.

Temporary Postings in Portugal

An exception to the general rule applies in the case of a “detached worker” (e.g. an employee who normally works in Canada and is covered under the Canada Pension Plan in respect of that work, and who is sent by his or her employer to work in Portugal on a temporary basis). Under

the Agreement, such a worker is able to continue his or her coverage under the Canada Pension Plan for a period of 24 months and, while this coverage remains in effect, is exempt from social security contributions under the Portuguese social security schemes in respect of the same work.

Government Employment

Another exception to the general rule applies to persons in government employment for one of the countries performing their duties in the other country. They are normally subject to the social security laws of the latter country only if they are citizens or permanent residents of that country.

Residence under the Old Age Security Act

In addition to the coverage provisions just described, the Agreement between Canada and Portugal contains another provision which ensures that a person who is covered under the Canada or Quebec Pension Plan while residing in Portugal is also covered by the Old Age Security Act which is usually based only on residence in Canada. Thus, during that period, complete coverage is afforded under Canadian legislation. Conversely, a person who is residing and working in Canada and is subject to the social security legislation of Portugal does not have those periods considered as periods of residence for purposes of the Old Age Security Act.

More Information Concerning Contributions

Revenue Canada, Taxation administers the provisions of the Canada Pension Plan relating to the making of contributions. Questions regarding the obligation of an employee, an employer or a self-employed person to contribute to the Canada

Pension Plan as a result of the Canada/Portugal Agreement, as well as questions concerning continued coverage under the Plan while temporarily posted to work in Portugal, should be addressed to:

Source Deductions Division
Revenue Canada, Taxation
OTTAWA, Ontario
K1A 0L8

Applying for Benefits under the Agreement

Additional information about the Agreement and assistance in applying for any of the Canadian or Portuguese benefits described in this summary are available from any Client Service Centre of Income Security Programs Branch. The telephone number and address of the nearest Centre can be found in the federal government listing of the telephone directory under "Health and Welfare Canada". Alternatively, inquiries may be addressed to:

Director
International Operations
Income Security Programs Branch
Health and Welfare Canada
OTTAWA, Ontario
K1A 0L4

